



0000079044

MEMORANDUM

ORIGINAL

Docket Control

FROM: Ernest G. Johnson
Director
Utilities Division

for
Date: July 7, 2008

RE: STAFF REPORT FOR THE APPLICATION OF JOHNSON UTILITIES, L.L.C.
FOR AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND
NECESSITY IN PINAL COUNTY, ARIZONA (DOCKET NO. WS-02987A-07-
0487)

Attached is the Staff Report for the application of Johnson Utilities, L.L.C. for Commission authorization to extend its Certificate of Convenience and Necessity in Pinal County, Arizona. Staff recommends conditional approval.

EGJ:All:red

Originator: Alexander Ibhade Igwe, CPA

Attachment: Original and 13 Copies

Arizona Corporation Commission
DOCKETED

JUL -7 2008

DOCKETED BY	<i>mm</i>
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AZ CORP COMMISSION
DOCKET CONTROL

2008 JUL -7 P 2:44

RECEIVED

Service List for: Johnson Utilities, L.L.C.
Docket No. WS-02987A-07-0487

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STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

JOHNSON UTILITIES, L.L.C.
DOCKET NO. WS-02987A-07-0487

APPLICATION FOR EXTENSION
OF CERTIFICATE OF
CONVENIENCE & NECESSITY

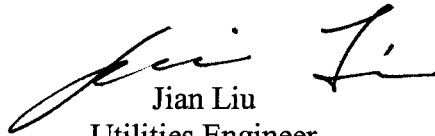
JULY 7, 2008

STAFF ACKNOWLEDGMENT

The Staff Report for Johnson Utilities, L.L.C., Docket No. WS-02987A-07-0487 was the responsibility of the Staff members listed below. Alexander Ihade Igwe was responsible for preparing the Staff Report and Jian Liu prepared the Engineering Report.

A handwritten signature in black ink, appearing to read 'Ihade Igwe', with a long horizontal stroke extending to the right.

Alexander Ihade Igwe, CPA
Executive Consultant III

A handwritten signature in black ink, appearing to read 'Jian Liu', with a long horizontal stroke extending to the left.

Jian Liu
Utilities Engineer

**EXECUTIVE SUMMARY
JOHNSON UTILITIES, L.L.C.
DOCKET NO. WS-02987A-07-0487**

On August 21, 2007, Johnson Utilities, L.L.C. ("Johnson" or "Company") filed an application with the Arizona Corporation Commission ("ACC" or "Commission") for authorization to extend its current Certificate of Convenience and Necessity ("CC&N") to provide wastewater service within Pinal County, Arizona. On September 21, 2007, Staff determined that the application as filed did not meet the sufficiency requirements per Arizona Administrative Code Section R14-2-103.B.7. On May 9, the Company filed its response to Staff's letter of insufficiency by submitting the requisite information. Staff found the revised application to be sufficient on June 3, 2008.

The Company currently serves approximately 24,000 wastewater customers based on rates and charges that were approved by the Commission in Decision No. 60223, dated May 27, 1997. The Company has a pending rate application for its water and wastewater services, in Docket No. WS-02987A-08-0180, filed March 31, 2008.

Johnson is requesting that the Commission extend its existing wastewater CC&N to include the developments known as Skyline Estates, Quail Run Estates, and the J. O. Combs Educational Village. The requested CC&N extension area measures about 779 acres or 1.217 square miles. For the requested CC&N extension areas, Johnson projects serving 75 new customers by 2010 and an aggregate of 877 new customers by 2014. Based on the projected customer base for the CC&N extension areas, the Company anticipates earning \$757,911 over the first five years, while incurring \$606,329 of operating expenses, for an aggregate operating income of \$151,582.

The Company proposes to serve all three developments by its Pecan Water Reclamation Plant ("WRP"). WRP has a current Aquifer Protection Permit ("APP") for 4.0 Million Gallons-Per-Day ("MGD"), of which Johnson has committed 2.8 MGD. Staff's analysis indicates the Company's WRP has adequate capacity to serve its current customers as well as prospective customers in the requested extension areas.

The Company proposes to install new wastewater plant facilities in the requested CC&N extension areas. The proposed plant facilities will be comprised of mains, lift station, main pump station, and other appurtenances, at a total costs of \$2,421,799. The Company reports that the costs will be funded by its prospective customers through Advances-in-Aid-of Construction ("AIAC") and Hook-up fees. Staff finds that the Company's costs estimates for new plant additions are within a reasonable range. However, Staff notes that no "Used and Useful" or ratemaking treatment for the new plant items should be inferred from its conclusions.

On June 5, 2008, Arizona Department of Environmental Quality ("ADEQ") issued a Notice of Violation ("NOV") to the Pecan WRP, Inventory No. 105324, for sanitary sewer overflows that occurred during the weekend of May 17 to 18, 2008. Staff believes that the Company's ability to continue to serve its current and prospective customers is contingent upon

rectification of this sanitation issue. Accordingly, Staff recommends that approval of Johnson's requested CC&N extension be made contingent upon the successful resolution of the June 5, 2008 NOV.

Staff concludes that the Company has adequate capacity to serve its existing and prospective customers. Based on the documented request for service in the requested area, Staff finds that it is in the public interest to approve the Company's request for a wastewater CC&N extension. Accordingly, Staff recommends conditional approval as follows:

1. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within three years of the effective date of an order in this proceeding, a copy of the ADEQ Certificates of Approval to Construct ("ATC") for the wastewater facilities needed to serve each of the developments in the requested extension area.
2. Staff further recommends that Commission Order approving this CC&N extension be deemed null and void, after due process, if Johnson does not comply with the above requirement within the time ordered.
3. Staff recommends that any Decision approving the CC&N extension in this proceeding should not become effective until the first day of the month following Johnson Utilities submitting to Docket Control documentation from ADEQ demonstrating that the Pecan Water Reclamation Plant, Inventory No. 105324, is in full compliance with ADEQ and Staff has submitted confirmation of such compliance to Docket Control.
4. Staff recommends that the Company serve the requested extension areas under its currently authorized rates and charges.

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Introduction

On August 21, 2007, Johnson Utilities, L.L.C. ("Johnson" or "Company") filed an application with the Arizona Corporation Commission ("ACC" or "Commission") for authorization to extend its existing Certificate of Convenience and Necessity ("CC&N") to provide wastewater service in Pinal County, Arizona. On September 21, 2007, Staff issued a letter of insufficiency indicating that the Company's application for CC&N extension, as filed, did not meet the sufficiency requirements per Arizona Administrative Code Section R14-2-103.B.7. On May 9, 2008, the Company filed its response to Staff's letter of insufficiency, along with the requisite information. On June 3, 2008, Staff found the revised application to be sufficient.

The Company's current service territory measures approximately 79 square miles in Pinal County, in communities between Queen Creek and Florence. Johnson currently serves approximately 24,000 wastewater customers, based on rates and charges approved by the Commission, in Decision No. 60223, dated May 27, 1997. The Company has a pending rate application for its water and wastewater services, Docket No. WS-02987A-08-0180, filed March 31, 2008.

Public Notice

On September 14, 2007, the Company filed an Affidavit with Docket Control, reporting that it mailed a Notice of its application for CC&N extension to all property owners, on September 5, 2007.

The Company published the notice of the instant application in the *Florence Tribune*, a newspaper of general circulation in Pinal County, on July 3, 2008. This same notice was mailed to owners of property located within the requested CC&N extension areas on June 25, 2008.

Requested CC&N Extension

The requested CC&N extension area is comprised of the proposed developments known as the Skyline Estates (291 acres), Quail Run Estates (152 acres) ("Developers"), and J. O. Combs Academic Village (336 acres), for a total of 779 acres or 1.217 square miles. The Company states that it received requests for wastewater service for the entire proposed extension area from J. O. Combs School District and Developers.

Johnson estimates that it will serve approximately 75 new wastewater customers by the end of 2010; and an aggregate of 877 customers by 2014 end. Based on the projected customer base for the CC&N extension areas, the Company anticipates earning \$757,911 over the first five years, while incurring \$606,329 of operating expenses, for an aggregate operating income of \$151,582.

Wastewater Utility System

The Company proposes to serve all three developments by its Pecan Water Reclamation Plant ("WRP"). WRP has a current Aquifer Protection Permit ("APP") for 4.0 Million Gallons-Per-Day ("MGD"), of which Johnson has committed 2.8 MGD.

Johnson anticipates that the requested CC&N extension could add 877 connections to its demand load by 2014. The Company projects that the wastewater flow for the proposed CC&N extension would result in 303,000 gallons-per-day by 2014.

Based on the aggregate capacity of the Pecan WRP, Staff concludes that Johnson has adequate plant capacity to serve the existing CC&N areas as well as the requested CC&N extension areas. Staff anticipates that Johnson will develop additional wastewater treatment capacity as necessary to serve its future customer base.

Proposed Wastewater Plant Facilities

The Company plans to install new wastewater plant facilities in the requested CC&N extension areas. The plant facilities will be comprised of mains, a lift station, main pump station, and other appurtenances, at a total costs of \$2,421,799. The Company reports that the costs will be funded by its prospective customers through Advances-in-Aid-of Construction ("AIAC") and Hook-up fees, in accordance with Commission regulations and Johnson's applicable tariffs.

Staff notes that in general, off-site hook-up fees may only be utilized to fund off-site facilities, while AIAC may be utilized in funding on-site facilities.

Arizona Department of Environmental Quality ("ADEQ") Compliance Section

Compliance Status

On June 5, 2008, ADEQ issued a Notice of Violation ("NOV") to the WRP, Inventory No. 105324, for sanitary sewer overflows that occurred during the weekend of May 17 to 18, 2008. Staff believes that the Company's ability to continue to serve its current and prospective customers is contingent upon rectification of this sanitation issue. Accordingly, Staff recommends that approval of Johnson's requested CC&N extension be made contingent upon the successful resolution of the June 5, 2008 NOV.

Certificate of Approval to Construct

The Company states that it will provide to the Commission a copy of the Approval to Construct ("ATC") for the planned facilities as soon as it receives it from ADEQ. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within three years of the effective date of an order in this proceeding, a copy of the ADEQ's

ATC for the wastewater facilities needed to serve each of the developments in the requested extension area.

Aquifer Protection Permit

The Company has submitted a copy of the approved APP amendment, which indicates approval of the expansion of the Pecan WRP to 4.0 MGD.

Arizona Corporation Commission Compliance

Utilities Division Compliance Section

According to the Utilities Division Compliance Section, Johnson has one outstanding delinquency, as follows:

Based on Decision No.68235, "The Company must file with Docket Control, as a compliance item in this docket, the UNITED (AQUIFER PROTECTION) WATER QUALITY PERMITS issued by ADEQ for the Copper Basin Regional Wastewater Treatment Facility within 365 days of the decision in this case. In the event Johnson Utilities Company fails to comply with the above condition with the times specified, the CC&N extension approved herein will be deemed null and void without further Order of the Commission"

Johnson has requested for a time extension to be in compliance with Decision No. 68235. Staff has recommended that the Company's request for time extension be granted until October 25, 2009. The Commission has yet to issue an order on the Company's requested time extension.

Consumer Services Section

So far during 2008, the Company has had 18 complaints, consisting of billing, quality of service, disconnect/termination and others issues. As of the time of this report, all but two complaints have been resolved and closed.

Corporation Division

The Company is a corporation in good standing with the Corporations Division of the Commission.

Cost Analysis

The Company proposes to incur an estimated \$2,421,799 for new plant facilities in the requested extension areas. The cost estimates are comprised of \$866,677 for the Quail Run Estates on-site facilities, \$527,504 for the Quail Run Estates' off-site facilities, \$416,328 for the

J. O. Combs Academic Village facilities, and \$611,290, for the Skyline Estates' off-site facilities. As previously discussed, the costs will be funded by the prospective customers through AIAC and hook-up fees.

Staff finds the Company's cost estimates are reasonable. However, Staff notes that no "Used and Useful" determination was established by this conclusion and that no future ratemaking treatment for the plant items should be inferred from this conclusion.

Proposed Rates and Charges

The Company did not propose a new wastewater tariff for its requested extension areas. Staff recommends that the Company serve the requested extension areas under its currently authorized rates and charges.

Conclusions and Recommendations

Staff concludes that the Company has adequate plant capacity to serve its existing and prospective customers. Staff finds that the Company's proposed new wastewater plant facilities will enhance its ability to serve the requested CC&N extension areas. Based on the documented requests for service in the requested areas, Staff finds that it is in the public interest to approve the Company's request for wastewater CC&N extension.


Staff recommends conditional approval of Johnson's request for wastewater CC&N extension, as follows:

1. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within three years of the effective date of an order in this proceeding, a copy of the ADEQ Certificates of ATC for the wastewater facilities needed to serve each of the developments in the requested extension area.
2. Staff further recommends that Commission Order approving this CC&N extension be deemed null and void, after due process, if Johnson does not comply with the above requirement within the time ordered.
3. Staff recommends that any Decision approving the CC&N extension in this proceeding should not become effective until the first day of the month following Johnson Utilities submitting to Docket Control documentation from ADEQ demonstrating that the Pecan Water Reclamation Plant, Inventory No. 105324, is in full compliance with ADEQ and Staff has submitted confirmation of such compliance to Docket Control.
4. Staff recommends that the Company serve the requested extension areas under its currently authorized rates and charges.

MEMORANDUM

DATE: June 24, 2008

TO: Alexander Igwe
Executive Consultant III

FROM: Jian W. Liu 
Utilities Engineer

RE: Johnson Utilities Company – Wastewater Division
Docket No. WS-02987A-07-0487 (CC&N Extension)

Introduction

Johnson Utilities L.L.C. dba Johnson Utilities Company (“Johnson Utilities” or “Company”) has applied to extend its Certificate of Convenience and Necessity (“CC&N”) for its wastewater division. The requested area will add approximately 779 acres (approximately 1.217 square miles) to the Company’s existing approximately 79.0 square-miles of wastewater certificated service area. The Company’s service area includes the communities between Queen Creek and Florence in Pinal County. If this extension is granted, the Company will provide wastewater service to the proposed developments known as Skyline Estates (291 acres), Quail Run Estates (152 acres), and J. O. Combs Academic Village (336 acres).

Wastewater System Capacity

The Company proposes to serve all three developments with its Pecan Water Reclamation Plant (“WRP”), which has a current Aquifer Protection Permit (“APP”) for 4.0 million gallon per day (“MGD”). Not including the proposed extension area, Johnson Utilities has committed use of approximately 2.8 MGD of the Pecan WRP.

It is anticipated that the proposed CC&N extension would add 877 laterals (service connections) by the year 2014. The Company anticipates that the wastewater flow for the proposed CC&N extension would be 303,000 gallon per day by the year 2014.

Staff concludes that the existing and proposed wastewater system will have adequate wastewater treatment capacity to serve the existing customers and proposed CC&N extension area within a conventional five year planning period and can reasonably be expected to develop additional wastewater treatment capacity as required in the future.

Cost Estimates for the Proposed Wastewater Plant Facilities

The Company anticipates that the total cost to serve the requested extension area to be in excess of \$2.42 million. The proposed plant additions listed below will be constructed in Phases as needed. The proposed plant additions will be funded through advances in aid of construction and hook-up fees.

On-site Sewer for Quail Run Estates:

1. 8" SDR35 PVC Pipe	\$443,220
2. Manholes	\$167,000
3. 532 Sewer Services	\$ 212,800
4. Others	\$43,657

Subtotal:	\$866,677

Off-site Sewer for Quail Run Estates:

5. 6" C-900 PVC Pipe	\$100,320
6. 1 Lift Station	\$400,000
7. Others	\$ 27,184

Subtotal:	\$527,504

Sewer for J. O. Combs Academic Village:

8. 4" C-900 PVC Pipe	\$74,988
9. Main Pump Station	\$250,000
10. Others	\$ 91,340

Subtotal:	\$416,328

Off-site Sewer for Skyline Estates:

11. 8" C-900 PVC Pipe	\$523,600
12. Others	\$87,690

Subtotal:	\$611,290
	=====
Total:	\$2,421,799

The off-site hook-up fees will only be used to pay for capital items of off-site facilities. The advances in aid of construction will be used to pay for the on-site facilities.

Conclusions

Staff concludes that the proposed wastewater plant facilities needed to serve the proposed developments and the Company's cost estimate totaling \$2.42 million appear reasonable. However, no "used and useful" determination of the proposed wastewater plant facilities was made and no particular treatment should be inferred for rate making or rate base purposes.

Arizona Department of Environmental Quality ("ADEQ") Compliance

Compliance Status

ADEQ indicates that the Pecan wastewater system, Inventory #105324, is not in compliance (ADEQ letter dated June 25, 2008) based on

1. Open Notice of Violation ("NOV") issued on June 5, 2008.
2. Open NOV issued on March 4, 2008.

Staff recommends that any Decision approving the CC&N extension in this proceeding should not become effective until the first day of the month following Johnson Utilities submitting to Docket Control documentation from ADEQ demonstrating that the Pecan Water Reclamation Plant, Inventory No. 105324, is in full compliance with ADEQ and Staff has submitted confirmation of such compliance to Docket Control.

Certificate of Approval to Construct

Staff recommends that the Company file with Docket Control, as a compliance item in this docket within three years of the effective date of an order in this proceeding, a copy of the ADEQ Certificates of Approval to Construct ("ATC") for the wastewater facilities needed to serve each of the developments in the requested extension area.

Aquifer Protection Permit ("APP")

The Company submitted a copy of the approved APP amendment that indicates approval of the expansion of the Pecan WRP to 4.0 MGD.

Arizona Corporation Commission Compliance

A check with the Utilities Division Compliance Section showed that the Company has one delinquency from Decision No. 68235:

"The Company must file with Docket Control, as a compliance item in this docket, the UNITED (AQUIFER PROTECTION) WATER QUALITY PERMITS issued by ADEQ for the Copper Basin Regional Wastewater Treatment Facility within 365 days of the decision in this case. In the event Johnson Utilities Company fails to comply with the above condition with the times specified, the CC&N extension approved herein will be

deemed null and void without further Order of the Commission”.

Johnson Utilities has filed for an extension of time to comply and Staff has recommended that the Commission grant an extension until October 25, 2009. A Commission decision on the Company's extension request is pending.

Summary

Conclusions

- A. Staff concludes that the existing and proposed wastewater system will have adequate wastewater treatment capacity to serve the existing customers and proposed CC&N extension area within a conventional five year planning period and can reasonably be expected to develop additional wastewater treatment capacity as required in the future.
- B. Staff concludes that the proposed wastewater plant facilities needed to serve the proposed developments and the Company's cost estimate totaling \$2.42 million appear reasonable. However, no "used and useful" determination of the proposed wastewater plant facilities was made and no particular treatment should be inferred for rate making or rate base purposes.

Recommendations

- A. Staff recommends that the Company file with Docket Control, as a compliance item in this docket within three years of the effective date of an order in this proceeding, a copy of the ADEQ Certificates of Approval to Construct ("ATC") for the wastewater facilities needed to serve each of the developments in the requested extension area.
- B. Staff recommends that any Decision approving the CC&N extension in this proceeding should not become effective until the first day of the month following Johnson Utilities submitting to Docket Control documentation from ADEQ demonstrating that the Pecan Water Reclamation Plant, Inventory No. 105324, is in full compliance with ADEQ and Staff has submitted confirmation of such compliance to Docket Control.

MEMORANDUM

TO: Alexander Igwe
Executive Consultant III
Utilities Division

FROM: Barb Wells
Information Technology Specialist
Utilities Division

THRU: Del Smith
Engineering Supervisor
Utilities Division

DATE: September 21, 2007

RE: **JOHNSON UTILITIES, L.L.C. (DOCKET NO. WS-02987A-07-0487)**

The area requested by Johnson for an extension for wastewater has been plotted with no complications using the legal description provided with the application (a copy of which is attached).

Also attached are copies of the maps for your files.

:bsw

Attachments

cc: Mr. Richard Sallquist
Ms. Deb Person (Hand Carried)
Mr. Jian Liu

RANGE 8 East



Sewer

2

W-2859 (3)

ilities, Inc.

W-2234 (2)

W-1395 (2)

Company

W-2425 (2)

it VI Water Company

(1)

A-07-0371

ision

(2)

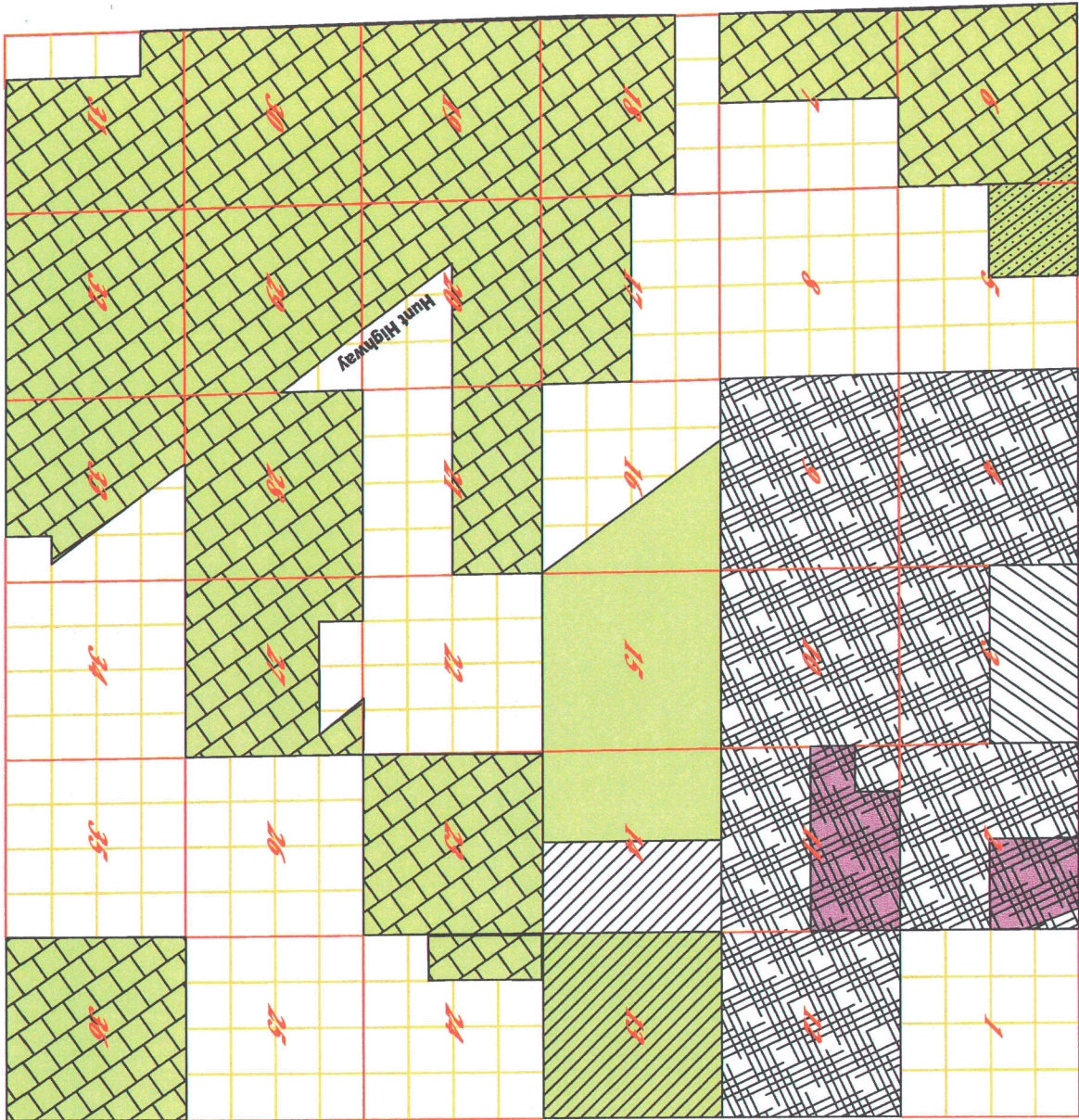
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7A-07-0487







Division for Sewer

COUNTY *Pinal*

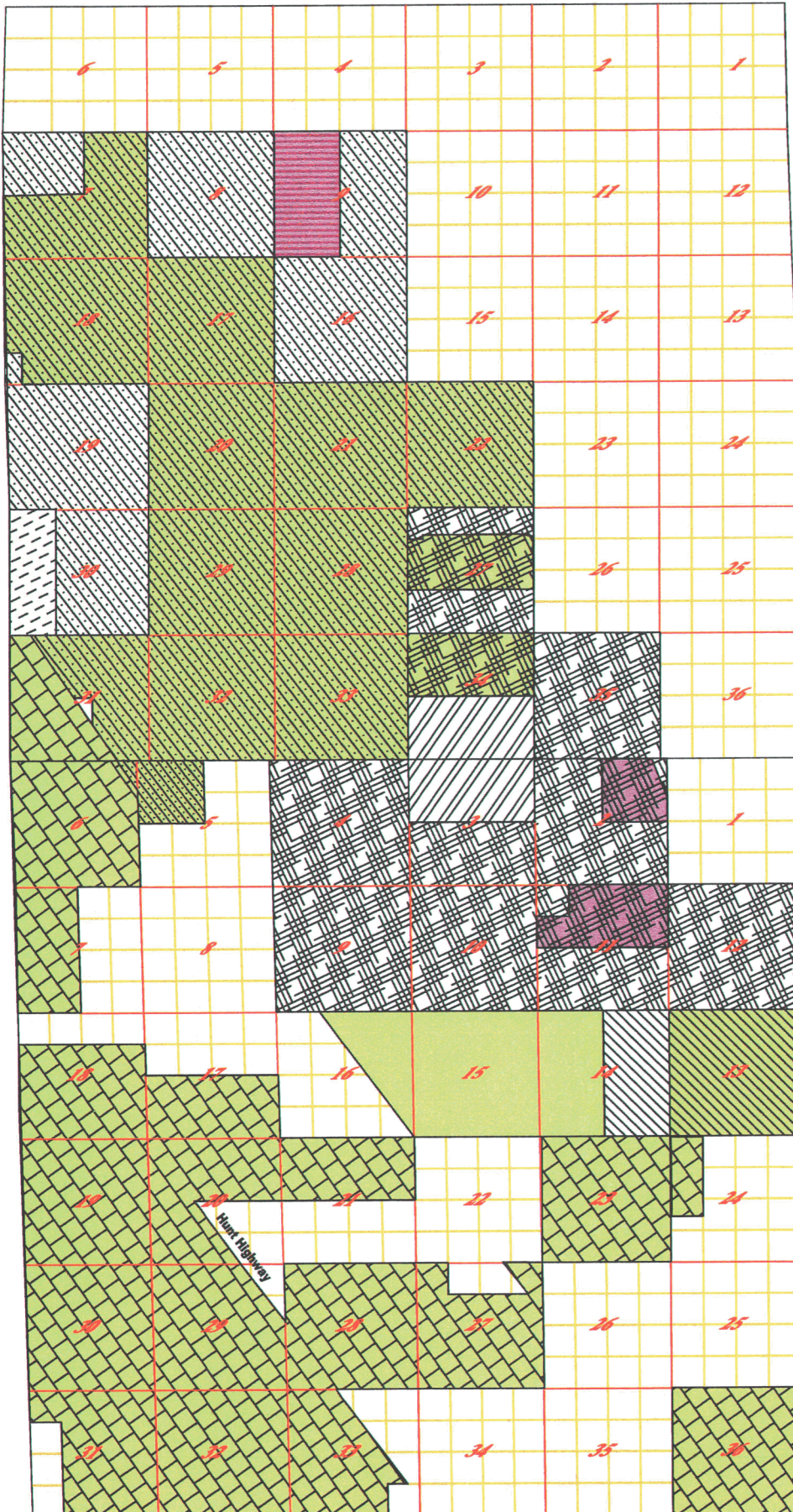
RANGE 8 East



TOWNSHIP 3 South









-  W-2859 (3)
Diversified Water Utilities, Inc.
-  W-2234 (2)
H₂O, Inc.
-  WS-2987 (6)
Johnson Utilities Company
-  W-2425 (2)
Sun Valley Farms Unit VI Water Company
-  Diversified Water Utilities, Inc.
Docket No. W-02859A-04-0844
Second Amended Application for Extension
-  (2)
Johnson Utilities, LLC
Docket No. WS-02987A-07-0487
Application for Extension for Sewer

RANGE 8 East



TOWNSHIP 2 South

TOWNSHIP 3 South

-  **WS-2987** Sewer
Johnson Utilities, LLC
-  **W-2859**
Diversified Water Utilities, Inc.
-  **W-2234**
H₂O, Inc.
-  **W-1395**
Queen Creek Water Company
-  **W-2425**
Sun Valley Farms Unit VI Water Company
-  **Diversified Water Utilities, Inc.**
Docket No. W-02859A-04-0844
Second Amended Application for Extension
-  **(1)**
H₂O, Inc.
Docket No. W-02234A-07-0371
Application for Extension
-  **(2)**
Johnson Utilities, LLC
Docket No. WS-02987A-07-0487
Application for Extension for Sewer

Legal Description

Skyline Estates

August 18, 2005

Assessor Parcel Number: 210-11-00101

Legally described as the north half of Section 11, Township 3 South, Range 8 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

EXCEPT the northwest quarter of the northwest quarter of Section 11, Township 3 South, Range 8 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.



EXHIBIT "A"

PARCEL NO. 1:

That part of the Northeast quarter of Section 2, Township 3 South, Range 8 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, being more particularly described as follows:

Commencing at the Northeast corner of said Section 2, being marked by a 1/2" bar 2.14 feet Northerly of a General Land Office Brass marking the closing corner of the Northeast corner of said Section 2;

Thence South 1 degree 05 minutes 41 seconds East (basis of bearings) along the Easterly line of the Northeast quarter of said Section 2, a distance of 1588.50 feet to a point on the Westerly right-of-way line of the Central Arizona Project Canal, being marked by 1/2" bar. LS 32778, said point also being the TRUE POINT OF BEGINNING;

Thence continuing South 1 degree 05 minutes 41 seconds East, 1057.56 feet to the East quarter corner of said Section 2, being marked by a 5/8" bar, LS 32778;

Thence South 89 degrees 30 minutes 28 seconds West, along the East-West Mid-Section line of said Section 2, a distance of 1372.23 feet to the Southwest corner of the East half of the Northeast quarter (also being the Southeast corner of the West half of the Northeast quarter) of said Section 2, being marked by a 1/2" bar, LS 5068 and from which point the center quarter corner of said Section 2, being marked by a 2" aluminum cap on a 1/2" bar, LS 5068 bears South 89 degrees 30 minutes 28 seconds West, 1372.23 feet distant therefrom;

Thence North 1 degree 11 minutes 11 seconds West, 2646.06 feet to the Northwest corner of the East half of the Northeast quarter (also being the Northeast corner of the West half of the Northeast quarter) of said Section 2, being marked by a 1/2" bar, LS 5068 and from which point the North quarter corner of said Section 2 being marked by a 2" aluminum cap on a 1/2" bar, LS 5068 bears South 89 degrees 22 minutes 31 seconds West, 1376.43 feet distant therefrom;

Thence North 89 degrees 22 minutes 31 seconds East, along the Northerly line of the Northeast quarter of Section 2, a distance of 787.54 feet to a point on the said Westerly right-of-way line of the Central Arizona Project Canal, being marked by a 1/2" bar, LS 5068

Thence South 21 degrees 20 minutes 30 seconds East along said Westerly right-of-way line of the Central Arizona Project Canal, a distance of 1701.61 feet to the TRUE POINT OF BEGINNING.

Continued...

Exhibit "A" continued

PARCEL NO. 2:

A portion of the North half of Section 2, Township 3 South, Range 8 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, more particularly described as follows;

Commencing at the East quarter corner of said Section 2;

Thence West, (assumed bearing) along the East-West mid-section line of Section 2, a distance of 1372.23 feet to the Southeast corner of the West half of the Northeast quarter (also being the Southwest corner of the East half of the Northeast quarter) of said Section 2, said point also being the TRUE POINT OF BEGINNING:

Thence continuing West, along the East-West mid-section line of said Section 2, a distance of 1317.83 feet to a point from which the center quarter corner of said Section 2, bears West, 60.74 feet, distance therefrom;

Thence North 0 degrees 33 minutes 24 seconds West, being parallel with the Easterly line of said West half of the Northeast quarter of Section 2, a distance of 2,642.94 feet to a point on the Northerly line of said Section 2, and from which point the North quarter corner of said Section 2, bears South 89 degrees 52 minutes 03 seconds West, 58.62 feet distance therefrom;

Thence North 89 degrees 52 minutes 03 seconds East, along the said Northerly line of Section 2, a distance of 1317.81 feet to the Northeast corner of the said West half of the Northeast quarter (also being the Northwest corner of the East half of the Northeast quarter) of Section 2;

Thence South 0 degrees 33 minutes 24 seconds East, along the said Easterly line of the West half of the Northeast quarter of Section 2, a distance of 2,645.99 feet to the TRUE POIN

Legal Description

WEST HALF OF SECTION 9, TOWNSHIP 2 SOUTH, RANGE 8 EAST OF THE
GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.